

A proposed Native American casino on 333 acres in the Catskills is likely to be rejected by federal authorities next week, only three months after Gov. [David A. Paterson](#)

[approved](#) the \$560 million project in the waning days of his administration.

The former governor signed agreements with the Stockbridge-Munsees, a tribe based in Wisconsin with roots in New York, in November to permit a Las Vegas-style casino near Monticello, about 90 miles from New York City, and to settle the tribe's land claim to 23,000 acres in upstate Madison County.

The casino seemed to be on a fast track. Having negotiated with the Interior and Justice Departments for more than a year before signing the deals, the tribe expected to get the necessary federal approvals this month.

But in January, according to the tribe, federal officials suddenly expressed misgivings about the viability of the tribe's land claim and the ability of the [Interior Department](#) to approve it without Congressional action, as the tribe wanted. In a Jan. 31 letter to the department, a lawyer for the tribe acknowledged that department officials had told him it was "highly unlikely" the officials would change their views.

The Interior Department has done "an about-face," said Kimberly Vele, president of the [Stockbridge-Munsee Community Band of Mohicans](#).

If the agreements are rejected, Ms. Vele said, the tribe will resume its fight for the land in Madison County.

"We'll go back to fighting it out in the court system, which is an unfortunate consequence," she said. "I'm confident that the tribe has a very good case."

Nedra Darling, a spokeswoman for the department's [Bureau of Indian Affairs](#), said only, "The Department of the Interior is in the process of reviewing the compact."

The department must approve or disapprove the agreements by Feb. 18. Under federal law,

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the agreements would effectively be approved if the department took no action by then. But recently, the department has been reluctant to approve casinos far from a tribe's home base.

Senator [Charles E. Schumer](#) , Democrat of New York, and local officials have supported the casino project, which they say would create jobs and bring visitors to an economically depressed area.

But the project has come under fierce criticism from some legislators and rival gambling operators, who have thousands of electronic slot machines at nine racetracks in the state. The Oneida tribe, which operates the [Turning Stone casino](#) near Syracuse, also objected to allowing what it called an out-of-state tribe to set up a casino in New York.

Last week, some owners of the slot parlors at the tracks, known as racinos, filed a lawsuit in State Supreme Court in Albany aimed at blocking the Stockbridge-Munsees from building the casino. At the moment when the state is facing a \$10 billion deficit and thousands of layoffs, the racinos assert that a Stockbridge-Munsee casino would result in the loss of 1,000 jobs at racinos and of \$400 million a year in slot revenue that now flows to the state.

They say the Catskill casino, with slot machines as well as roulette, blackjack and poker tables, would almost certainly wipe out the nearby racino at Monticello Raceway and lure customers from the Yonkers, Saratoga and soon-to-open Aqueduct racinos.

Officials at the racinos, particularly Yonkers and Aqueduct, are also worried about the possibility that a full casino could be built on Long Island by the [Shinnecock Indians](#) , who [won federal recognition last year](#) .

James D. Featherstonhaugh, an owner of the track and slot parlor in Saratoga, said racinos paid a tax of 42 percent on net gambling revenues, collectively generating about \$1 billion a year for education. But, he said, Indian casinos pay a maximum of 25 percent of slot revenues to the state. "The Stockbridge-Munsee casino has an unfair competitive advantage that seriously jeopardizes the future of New York's racinos and the horse racing industry as a whole," he said.

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Not long ago, Mr. Featherstonhaugh, who is also a prominent Albany lobbyist, represented the St. Regis Mohawks who tried to build a casino in Monticello.

The Stockbridge-Munsees say the casino, which would provide the equivalent of 4,900 full-time jobs, would be the single largest construction project in Sullivan County. The tribe has agreed to pay the state up to 25 percent of the slot revenue and provide the county with \$15 million a year.

“Interior said this is the path you could pursue,” said Ms. Vele of the Stockbridge-Munsee. “I don’t know what happened.”

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